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CENTRAL INTELLIGENCE AGENCY

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COUNTRY Hungary

REPORT

SUBJECT

Status of the Hungarian Petroleum Industry

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report briefly discusses the organizational structure of the Hungarian petroleum industry and then gives brief sketches of the various refineries and oil fields which were active in 1956.

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[redacted] the Vacuum Oil Company in ALMASFÜZITÓ [redacted]

[redacted] did not dispose

of the own production but made wage analyses for the Crude Oil Industrial Center, i.e. The Company received a certain amount of money from the State or from the Crude oil Industrial Center. January 1st 1950 the Company was nationalized and it worked since then independently.

The refinery procedure of the crude oil was the following:

First the crude oil was distilled in the atmospheric tower. Through that procedure they got gasoline, ^(petroleum) gas-oil and pacura. The pacura was further distilled in the vacuum tower, there they received gas-oil, light paraffin /distilled wax/, heavy paraffin /lub/ and bitumen. The immediate removal of the bitumen from the tower was the invention of Jenő ZAKAR, chief engineer. This way they got a 40-50 C soft bitumen. Later, through the installation of a blow equipment they achieved a still softer bitumen. The distilled wax was pressed through refrigerated screen press. The received paraffin was put into the sudatory and the received crude paraffin was refined with sulphuric-acid and calcium-hydrate. After screening the finished paraffin was poured out. ^{From} Through the screen press and sudatory received ^{they processed} oils ~~were~~ different sorts of lighter oils ~~prepared~~ /machine oil, spindle oil, etc./. The heavy paraffin /lub/ was centrifugalled in refrigerated condition through three "Alfa-haval" big capacity centrifuges. Through that they received motoroil distillation, from which they produced the following sorts of oils: winter,- summer,- heavy,- extra heavy,- quality,- quality light,- and quality heavy motoroils. Through a fourth centrifugal procedure they manufactured a sort of black wax /cerezin/ which was refined.

The Company produced that time ca. 30-40 thousand tons of crude oil monthly. Later the production increased and from 1952-1953 they

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processed large quantities of imported [redacted] crude oil and also 25X1
of Nagylengyel. [redacted] from 1953 the Company
processed the so called "K Petroleum" /ca. 10,000 tons quarterly/
for the use of the Army. In fact it was no petroleum at all but a
fraction between gasoline and ^{benzene}petroleum and was the fuel for the jets.
The quality items of that fuel were kept strongly secret [redacted] 25X1
[redacted]

The organizational construction of the Company was the following in 1950:

Ákos CSAPÓ, director; István BOGNÁR vice director; Zoltán OSZTÉNYI
chief engineer; Vilmos STEINBERGER bookkeeper; N. KÁROLYI chem. engineer,
distillation's leader; Zoltán SZABÓ chem. engineer, paraffin house;
Róbert GRILL chem. engineer, laboratory; István ANDER chem. engineer,
refinery; Móric SZELES head-distillator; László SZABÓ mech. engineer; AND
all machine shops and ~~at~~ maintenance shops.

The above shows the leaders of the technical section. There were ~~no~~ 25X1
naturally other smaller units, too. [redacted]

[redacted] ^{were} there the following classifications:

Planning section: Ferenc MÓCZ

Material and trade section: Ferenc TAKÁCS

Personnel section: János JUHÁSZ

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The Hungarian Crude oil companies were together with other industrial enterprises in 1948 nationalized. 25X1

Naturally the Soviet owned MOLAJ and MASZOL enterprises remained independent. To have a central organ for the nationalized companies the Crude Oil Industrial Directorate was established. The head of it was Viktor POPPER. The Directorate disposed of departmental efficiency. POPPER's representative was István CSABAI who ^{had} completely free hand in personnel matters and stood even above POPPER. 25X1

In August 1948 the Crude Oil Industrial Directorate was reorganized and became the Crude Oil Industrial Center. Its leader remained Viktor POPPER and István CSABAI became chief advisor in the Dept. of Industry and director of the personnel department. He received the orders directly from the national Central Committee. [redacted] 25X1

[redacted]

There were four sorts of oil industrial enterprises: the nationalized refineries, the non-nationalized [redacted] 25X1

[redacted]

[redacted] At the Department of Heavy Industry the Crude Oil Directorate became reestablished under the leadership of István CSABAI, who kept this post with short intervals until the outbreak of the revolution in 1956. After the nationalization the [redacted] was decentralized and at the same time several independent companies were reorganized in Transdanubia under the control of the of the Transdanubian Crude Oil Industrial Center. The Soviet companies became united under the name of MASZOLAJ /Hungarian-Soviet Oil Co./. It was actually an independent organization although it was nominally under the control of the Department of Industry. Then the time came when the Soviet Union began to show an intensive interest in the Hungarian Oil Industry. [redacted] during the summer of 1949 25X1

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a Soviet Russian geologist named PETROV appeared in Budapest and stayed ca three months studying the Hungarian Oil Industry, the geological maps, samples, exploitations, etc. One year later five Russian delegates arrived in Hungary under the leadership of KUCEV geologist.

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there was a drilling engineer, a drilling master, a production engineer and a geophysicist. They had a double task: to direct the oil production and acquire all technical, productional and operational datas for the Soviet Union. They performed that task with full success. From then on they had unlimited power. In the Department for Mines and Energy they occupied an extra section with their interpreters and translators. CSABAI and Sándor CZOTTNER minister carried out the "advice" of KUCEV and his comrades without hesitation. The KUCEV's never ordered things, they always only "advised". To the confidential order of the minister /Czottner/ they received all datas wanted.

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the AVH confiscated all important documents including Simon PAPP's papers, documents, notices and even personal correspondance. According to the order of CZOTTNER all papers were forwarded to the Department i.e. to the Soviet advisors. A whole mass of translators worked on the documents.

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the more interesting ones were taken in original to Moscow. Also the mineral samples were inspected, examined and many of them sent to Moscow. The clerks made up the development of the Hungarian crude oil production for years retrograde. Moreover they made new maps of the Transdanubian oil fields.

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Dr. György KERTAI geologist worked hand in hand with the Soviet advisors. KERTAI served the Russians in every way faithfully. The only person who dared to criticize and opposed the requests of the Soviets was Dr. Géza SZUROVY, the boss of the technical section of the oil Department. There was also a certain rivalry between KERTAI and SZUROVY. /SZUROVY/

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That time started the uncovering of the oil fields in NAGYLENGYEL.

There were hot debates proceeding that. Géza SZUROVY and the old

[] experts generally doubted the correctness of the planned

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drilling places, which were assigned by KERTAI. After lengthy studies then Soviet advisors decided for the same drilling points.

[] they found the first oil only in 1950 during the summer

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months. KERTAI felt he won a complete victory. At that time the Soviet oil experts ordered to turn to secondary production methods at the exhausted LISPE-LOVÁSZ oil wells. For some of these wells they ordered a water pressure processing. After ruining a few wells, the order was withdrawn. These Soviet advisors stayed for six months in Hungary. During that period CSABAI and 3 or 4 oil experts left for the Soviet Union for a three months study. The result of the Soviet advisors' visit was that at the beginning of 1952 the whole Hungarian oil industry became the property of Russia, and the companies merged into the MASZOLAJ. There were naturally vehement arguments between Hungarian and Russian responsible persons. The Soviets' estimate for the mechanical and other equipments were so ridiculously low that everybody protested. CSABAI threatened the protesting people and at last the Soviet got the Hungarian oil industry for ca 10% of the actual value. Under the MASZOLAJ era the role of the Hungarian oil department was actually zero, the leadership was completely in Russian hands. They developed the final form of production which stayed so till today.

As it is well known, the oil industry has two main branches:

1./ oil production, drilling /search/; 2./ oil refinery. The oil refineries belonged to the Crude Oil Trust Co. and the oil production and drilling companies were directly under the leadership of the MASZOLAJ Center. The director of the Crude Oil Trust Co. was the

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Russian G.M. SAMSINOV.

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[redacted] in 1954 the Soviet Union returned the oil industry to the Hungarian state. The situation before the outbreak of the revolution was the following:

Oil refineries - the following companies existed:

ALMÁSFÜZITŐ Crude Oil Co.

CSEPEL " " "

NYIRBOGDÁNY " " "

PÉT " " "

SZÓNY " " "

LARDOLINE " " "

ZALA " " "

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[redacted] the operation of the various companies.

ALMÁSFÜZITŐ

There were ca 800 workers. Director Miklós BESNYŐ, chief engineer Zoltán OSZTÉNYI. - It operates with atmospherical and vacuum distillation tower /derrick?/. Lubricating oils were processed by sulphuric acid and creosote refinement procedure. Main products: gasoline, ^{kerosene} petroleum, gasoil, fuel, bitumen, lubricating oils, paraffin. The company gave the following percentage to export: gasoline 10%; gasoil 45%; motor oils 50%; paraffin 45%; bitumen 15%.

CSEPEL

Number of workers ca 600. It operates with atmospherical and vacuum distillation tower. The lubricating oils were processed by sulphuric acid procedure. In 1956 the so called BARI-SOL factory was completed but its production is still in an experimental stage. Main products of Csepel: Gasoline, petroleum, gasoil, lubricating oil, fuel, bitumen, paraffin. The company gave the following percentage to the export :

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gasoline 40%; gasoil 5%; Motor oils 50%; paraffin 50%; bitumen 15%. CSEPEL is a very important company. It covers almost alone the fuel and lubricating oil need of Budapest.

NYIRBOGDÁNY

Number of workers ca 200. Insignificant factory. Because of its location it might become important in case of war. Main products: gasoline, petroleum, gasoil, lubricating oil, paraffin. It gave only 5% paraffin to export. Director was János FÜLÖP, chief engineer was Sándor NAGY.

PÉT

Number of workers ca 300. Director: Sándor TOLVAJ. It is situated in the BAKONY-mountains and forests, well hidden. Strategically important factory. Close to it is CSERERDŐ, the largest supply area of the Army. There will be kept ca 3-4,000 tons gasoline, 4,000 tons gasoil, 2,000 tons petroleum. PÉT is connected with CSERERDŐ through a generator system. Main products: gasoline, petroleum, gasoil, fuel, bitumen. Here is the only "krakk" /^{cracking} crack, crank?/ factory of Hungary. They crack/?/ the fuel oils and spindle oil distillations. PÉT gives 20% bitumen to export.

SZÓNY

Number of workers ca 400. Main products: gasoline, petroleum, gasoil, fuel, bitumen, lighter oils. It works with atmospherical and vacuum distillation tower. It gives 50% gasoline; 50% gasoil and 50% bitumen to export.

LARDOLINE

Number of workers ca 200. One of Hungary's most important factories. It produces the only crude oil originated lubricating greases. It has many different kinds of it /ca 70/. Main products: ball-bearing, - motor,

and gun greases, vaseline, special oils /instrument oils, vaseline oils, watch oils, etc./. The most important export product was the ball-bearing grease from which 3,200-4,000 tons were exported yearly into the Soviet Union. The company is the main grease supplier of the Army.

ZALA

Number of workers ca 250. It processes the crude oil of NAGYLENGYEL only. It was built for that. Main products: gasoline, petroleum, gasoil, fuel, bitumen. The gasoline is useless because of its high sulphur content. Therefore the gasoline will be transported to PÉT to farther refinement. The gasoil can be used only in tractors because of the same reason /sulphur content/. Zala gives 100% fuel oil and 50% bitumen to export. The refinery in ZALA processes crude oil from LISPE-LOVÁSZ, NAGYLENGYEL, SZOLNOK, BIHARNAGYBAJOM, HAHÓT and imported [] crude oil. The yearly production is ca: 25X1
LISPE-LOVÁSZ 200-250,000 tons; SZOLNOK and BIHARNAGYBAJOM 25-30,000 tons; HAHÓT 25-30,000tons, imported 300,000 tons, NAGYLENGYEL 400- 25X1
500,000 tons. The above are only approximate numbers []

[] further the production changes 25X1
monthly according to the circumstances.

The yearly processed crude oil quantity is ca 1,000.000-1,200.000 tons. [] what percentage gasoline, gasoil, 25X1
petroleum, etc. was processed from the above quantity.

Oil production, drilling:- the following companies existed:

CRUDE OIL RESEARCH and Uncovery Works

BUDAFÁ Crude Oil Producing Works

LOVÁSZI " " " "

NAGYLENGYEL " " "

GREAT PLAIN " " "

The oil industry has two engine factories:

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Transdanubian Crude Oil Industrial Engine Factory

Budapest Crude Oil Industrial Engine Factory.

The datas, numbers and operation of the above companies and

factories are unknown The most important from the companies is 25X1
the CRUDE OIL RESEARCH and Uncovery Works, then the NAGYLENGYEL

Crude Oil Producing Co. is a very significant source. The CRUDE OIL RESEARCH and Uncovery Works has two districts: Transdanubian district center in NAGYKANIZSA; Great Plain district, center in ABONY.

The NAGYLENGYEL Crude Oil Producing Works is the richest oil well of Hungary. At the present the production of the other oil fields is continuously diminishing. That concerns especially the LISPE-LOVÁSZI oil fields. The result of the Great Plain research and uncovery drillings is very insignificant. There is only one rich well left that of NAGYLENGYEL. At the time of its uncovery the opinions about its duration were quite different. KERTAI estimated it for 15-20 years but Dr. SZUROVY and the majority of the oil experts estimated it for no longer than 7-8 years. Today the oil fields of NAGYLENGYEL are almost exhausted i.e. because of the irresponsible exploitation and the bad explosions they are almost completely ruined. To the personal order of Mátyás RÁKOSI the production had to be raised although it was not necessary. The capacity of the refineries was not enough to process the great quantities of the oil from NAGYLENGYEL. Besides that the technical processing was and still not satisfactory. The high sulphur content /4-6 %/ is a permanent problem, For years that oil was used for heating. For example the foundries in CSEPEL and DIÓSGYŐR used NAGYLENGYEL crude oil to heat with. The great amount of the heating oil was stored in simple wholes in the ground. Such storing wholes are used at the following companies: ZALA, SZŐNY, PÉT and on the unused grounds of the DRASCHE brick factory. 25X1

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[] in June 1956 there were still 80,000 tons heating oil stored in those wholes in the ground, although the processing of that oil has started ~~under the~~ pressure of the diminishing oil production. [] the production of NAGYLENGYEL diminished in a great measure. It was caused partially by the flooded wells. One cause of that flooding was that shortly after the uncover they exper~~o~~imented with water pressure. Secondly the const~~u~~ction of the fields wa s ruined. The derricks were planted too close and the explosions were wrong performed and did not succeed.

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